

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

UNITED STATES OF AMERICA)	
for the use of JJID, Inc.)	
)	C.A. No. 05-128 KAJ
Plaintiff,)	
)	
v.)	
)	
NASON CONSTRUCTION INCORPORATED,)	
a Pennsylvania corporation, and)	
TRAVELERS CASUALTY AND SURETY)	
COMPANY OF AMERICA,)	
a Connecticut corporation)	
)	
Defendant.)	

REPLY TO COUNTERCLAIM

COMES NOW, Plaintiff JJID, Inc. ("JJID"), by and through its undersigned counsel, and hereby replies to the Counterclaim filed by Nason Construction Incorporated ("Nason") as follows:

COUNTERCLAIM I
BREACH OF CONTRACT

39. JJID incorporates all of the allegations of its Complaint as if set forth at length herein.

40. Admitted.

41. Denied

(a)-(h) Denied.

42. Denied.

COUNTERCLAIM II
SET-OFF

43. JJID incorporates its responses to Paragraphs 39 through 42 as set forth above as if fully set forth at length herein.

44. Denied.

45. Denied.

46. Denied.

47. Denied.

48. The Subcontract Agreement is a written document, the terms of which speak for themselves. The balance of this averment is denied.

49. Denied.

50. Admitted that Nason has withheld payments to JJID under the Subcontract Agreement.

51. Denied.

FIRST AFFIRMATIVE DEFENSE

Nason's Counterclaim fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Any damages suffered by Nason (which are denied) were caused by Nason's own breach of contract, its delays and inadequacies in the performance of the construction work and/or by third-parties not under the control of JJID.

THIRD AFFIRMATIVE DEFENSE

Nason failed to comply with the terms of the Subcontract Agreement and General Conditions thereof in performing any additional work.

FOURTH AFFIRMATIVE DEFENSE

Nason's claim is barred by the doctrines of waiver and estoppel.

FIFTH AFFIRMATIVE DEFENSE

Nason's claims are barred in whole or in part by lack of consideration.

SIXTH AFFIRMATIVE DEFENSE

Nason's claims are barred by the statute of frauds.

SEVENTH AFFIRMATIVE DEFENSE

Nason's claims are barred by reason of its unclean hands.

EIGHTH AFFIRMATIVE DEFENSE

Nason's claims are barred in whole or in part by its failure to mitigate its damages, which in any event are denied.

WHEREFORE, for all of the above reasons, JJID prays that Nason's counterclaim be dismissed with prejudice and that JJID be awarded its costs in defending same.

SEITZ, VAN OGTROP & GREEN, P.A



/s/ James S. Green

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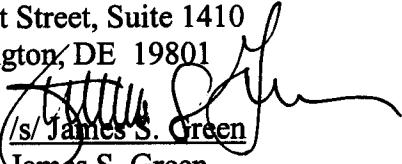
Attorneys for Plaintiff JJID, Inc.

Dated: May 20, 2005

CERTIFICATE OF SERVICE

I, James S. Green, do hereby certify that on the 23rd day of May, 2005, I electronically filed Plaintiff's Reply to Counterclaim with the Clerk of the Court using CM/ECF which will send notification of such filing to the following counsel of record.

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/s/ James S. Green
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